



City of New Bedford
Jonathan F. Mitchell, Mayor

City of New Bedford
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P R E S S R E L E A S E

Mayor Mitchell Presents Fiscal Year 2016 Budget for City of New Bedford

includes spending cuts; eliminates vacant positions,
freezes hiring and manager pay; benefits from efficiency measures

New Bedford, Massachusetts – Mayor Jon Mitchell presented his Fiscal Year 2016 City Budget before the New Bedford City Council on Wednesday, May 13, 2015.

The Mayor's \$297 million budget plan reduces spending at non-public safety agencies by 1.2% percent while providing a 2.1% increase for the School Department to support the ongoing turnaround of the school system and comply with state law.

This year's proposed \$2.4 million increase for schools follows a \$7 million increase last year. Since taking office in 2012, the Mayor has secured \$15 million in new funding for the School Department.

The Mayor's budget submission to the Council follows months of line-by-line review to identify operational cuts across city departments in order to address major pressures in the non-discretionary, so-called "fixed-cost" line items.

Fixed-cost items, which account for \$96 million, or one-third of all spending from the City's General Fund, include the cost of pension contributions, health insurance, and debt service. These are forecast to jump 5.7% in Fiscal Year 2016, an increase of \$4.2 million.

Unfunded state mandates were another challenge, with the City's required payment for charter schools growing by \$1.5 million. A \$3 million increase in public safety spending was also required to meet collective bargaining costs and replace federal "SAFER" grant funding that will end mid-way through the fiscal year. Expiration of all SAFER funds could force the City to find funding for the full cost of 63 firefighter positions.

Because of the multiple budget pressures, the Mayor's spending proposal turned down a number of requests from departments for more funds, including an initial \$8 million increase request from the School Department and \$2 million in new funding needs identified by other departments.

“Every month there are many in our City who sit at the kitchen table, figure out a way to make ends meet, and pay the bills that allow them to remain in their homes. That’s why my fundamental goal, with every city budget plan, is to meet the City’s own financial obligations in a way that respects those efforts.”

Local Economic Turnaround Still Too Early To Help Budget Challenges

In a 7-page letter to the City Council Mayor Mitchell noted the “stark fiscal realities” facing the City and explained his tough-minded approach to developing this year’s budget:

“The City faces a challenging fiscal reality for the coming year, chiefly triggered by mandatory increases in nondiscretionary areas and unfunded mandates that are driving up the cost of local government. At the same time, the ongoing expansion of our local economy has not yet translated into revenue growth, a situation that is not unusual during early stages of a recovery. We have been left with no choice but to reduce operating expenses across departments in order to afford increases in those areas over which the City has little or no control.”

Mayor Mitchell acknowledged that, given improving economic conditions, some might question his decision to ask city departments to now make more sacrifices after his three prior budgets provided very little in the form of new resources:

“I understand that some might question this austere approach by pointing to the recovery in our local economy. It is true that the City has turned the corner economically. We continue to experience significant job growth. The unemployment rate as of March 2015 was 2.4% lower than the same month last year, and construction permit revenues are 18% higher. A variety of indicators reflect broad-based growth. However, these signs of growth have not translated to higher property values, and new property growth continues to hover around just \$1 million per year.”

He reiterated: “The bottom line is this--What we are experiencing at this stage of an economic recovery is typical. Local job growth has not yet resulted in significant changes to property values and that leaves city government still greatly constrained until the current dynamic changes.”

New Cost-Cutting Measures For Fiscal Year 2016

Among the cost-cutting measures included in the Mayor’s budget proposal are: (1) the elimination of vacant positions, (2) \$2.5 million in new reductions to agencies’ line items, (3) a one-year deferral of scheduled step increases for management employees, and (4) the continued enforcement of a hiring freeze put in place earlier in this year.

Efficiency Measures Making a Difference

The Mayor also highlighted how the many efficiency measures put in place under his Administration are now returning budgetary dividends and lessening the impact of the increases in fixed-costs facing the City. The City’s nation-leading program for purchasing solar-generated electricity and the City’s recent conversion of 10,000 streetlights to LED technology will reduce utility costs by about \$1,072,000 in Fiscal Year 2016. The City is also implementing a Voice-over-Internet Initiative that will save \$70,000 in the coming fiscal year. [###]